

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

|  |   |                        |
|--|---|------------------------|
| -----X   |   |                        |
| In re:   | : | Chapter 11 Case No.    |
|  | : |                        |
| LEHMAN BROTHERS HOLDINGS INC., <i>et al.</i> , | : | 08-13555 (JMP)         |
|  | : |                        |
| Debtors.                                       | : | (Jointly Administered) |
|  | : |                        |
| -----X   |   |                        |

**SUPPLEMENTAL DECLARATION OF P. ERIC SIEGERT IN SUPPORT OF  
APPLICATION OF OFFICIAL COMMITTEE OF UNSECURED CREDITORS  
FOR ORDER, UNDER 11 U.S.C. §§ 328(a) AND 1103, FED. R. BANKR.  
P. 2014 AND 5002, AND S.D.N.Y. LBR 2014-1, AUTHORIZING RETENTION  
AND EMPLOYMENT OF HOULIHAN LOKEY HOWARD & ZUKIN CAPITAL, INC.**

STATE OF NEW YORK            )  
                                      : ss.:  
COUNTY OF NEW YORK        )

P. ERIC SIEGERT, being duly sworn, says:

1. I am a Senior Managing Director of the firm of Houlihan Lokey Howard & Zukin Capital, Inc. ("Houlihan"). I am duly authorized to make this Supplemental Declaration on behalf of Houlihan.

2. I submit this supplement (the "Supplemental Declaration") to the original declaration (the "Declaration") that I submitted in support of the Application of the Official Committee of Unsecured Creditors (the "Committee") of Lehman Brothers Holdings, Inc. and its affiliated debtors and debtors in possession (collectively, the "Debtors," and together with their non-debtor affiliates, "Lehman"), for an order, under 11 U.S.C. §§ 328(a) and 1103 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (as amended, the "Bankruptcy Code"), Federal Rules of Bankruptcy Procedure 2014 and 5002, and Local Bankruptcy Rule 2014-1, authorizing the employment and retention of Houlihan as investment bankers to the Committee (the "Application").

3. Unless otherwise stated in this Supplemental Declaration, I have personal knowledge of the facts set forth herein and, if called as a witness, I would testify thereto.<sup>1</sup>

**Houlihan's Connections with Parties in Interest**

4. In the Declaration, I stated that Houlihan searched all current engagements for known relationships or interests with the Debtors and non-Debtor affiliates. A full list of identified ongoing Houlihan advisory engagements with some level of known involvement by the Debtors and/or affiliates of the Debtors was detailed on Exhibit C attached to the Declaration. Since the submission of the Declaration, I have become aware that Houlihan has been engaged to provide services unrelated to the Debtors' Chapter 11 Cases for various entities with some level of known involvement with the Debtors and/or their affiliates. Exhibit "C1" attached hereto details such engagements.

5. Houlihan does not believe that the matters listed on Exhibit C1 create any material conflict with Houlihan's role as advisor to the Committee. Moreover, in accordance with the engagement letter between the Committee and Houlihan dated September 17, 2008 (attached to the Application as Exhibit B), these matters have been disclosed to and discussed with the Committee and the Committee has given clearance to Houlihan to work on such matters. From time to time, and to the extent appropriate, Houlihan will "wall off" employees working on engagements with a Lehman-related relationship from either any information relating to the relevant engagement/Lehman interest received in the course of our representing the Committee or from all activities undertaken and information received by Houlihan in the Debtors' Chapter 11 Cases.

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<sup>1</sup> Certain of the disclosures set forth herein relate to matters within the knowledge of other employees at Houlihan and are based on information provided by them.

6. Houlihan is carrying on further inquiries of its professionals with respect to the matters contained herein. From time to time, Houlihan will undertake supplemental conflicts checks and file supplemental affidavits regarding its retention if any additional relevant information comes to its attention.

In accordance with 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Executed on December 4, 2008

/s/ P. Eric Siegert  
P. Eric Siegert

Exhibit C1

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**Lehman Brothers Holdings Inc.  
Current Houlihan Advisory Engagement with Lehman Involvement**

| Client   | Houlihan Role            | Current Lehman Role  |
|--|--------------------------|--|
| 1. Woodlands Commercial Bank   | Portfolio Valuation      | Woodlands Commercial Bank, an industrial loan corporation incorporated under Utah's banking laws, is an indirect subsidiary of Lehman's.   |
| 2. Hawaiian Telecom  | Secured Creditor Advisor | <p>Lehman is the agent for Hawaiian Telecom's secured debt bank group. To the best of Houlihan's knowledge, Lehman is in the process of resigning the agency role and being replaced.</p> <p>Lehman holds \$20.5 million of Hawaiian Telecom's \$90 million revolver loan and \$3.6 million of Hawaiian Telecom's \$487.4 million term loan.</p>                 |
| 3. Project X   | Company Advisor          | Lehman holds \$2.9 million of the \$1.03 billion secured debt facility.  |
| 4. Project Abrams  | Company Advisor          | <p>Lehman is the agent for Project Abrams' secured debt bank group. To the best of Houlihan's knowledge, Lehman is in the process of resigning the agency role and being replaced.</p> <p>Lehman holds \$38.1 million of Project Abrams' \$216 million senior secured debt facility.</p>   |
| <p>5. Lehman Brothers CDO Opportunity Partners 2004 ("Fund 1");</p> <p>Lehman Brothers CDO Opportunity Partners II ("Fund 2"); and</p> <p>Lehman Brothers CDO Mezzanine Fund 2005-1 Unit Trust ("Mezzanine Fund" and, together with Fund 1 and Fund 2, the "Funds").</p> | Company Advisor          | <p>Lehman holds an interest in the Funds, which hold cash investments of Lehman and third-party investors. Houlihan was asked to provide temporary advisory services in light of their special expertise in CDO investments. Houlihan was hired on a month-to-month contract, terminable by Lehman. Its role is to consult and assist in managing the Funds.</p> |